

**440 – MANAGED CARE EXPIRATION OR TERMINATION OF CONTRACT**

EFFECTIVE DATES: 01/01/16, 07/01/16, 04/18/17, 10/01/18

REVISION DATES: 04/01/16, 04/06/17, 05/30/18

**I. PURPOSE**

This Policy applies to AHCCCS Complete Care (ACC), ALTCS/EPD, DCS/CMDP (CMDP), DES/DDD (DDD), and RBHA Contractors. The purpose of this Policy is to set forth Contractor requirements and responsibilities when the Contract between AHCCCS and the Contractor expires (contract expiration) or is terminated by either AHCCCS or the Contractor (contract termination).

**II. DEFINITIONS**

<b>CONTRACT</b>	A written agreement entered into between a person, an organization, or other entity and the Administration to provide health care services to a member under A.R.S. Title 36, Chapter 29.
<b>CONTRACT EXPIRATION</b>	The ending of the Contract pursuant to its terms without any action by a party to the agreement.
<b>CONTRACT TERMINATION</b>	The cancellation of the Contract, in whole or part (e.g. by GSA), as a result of an action taken by AHCCCS or the Contractor.
<b>INCURRED BUT NOT REPORTED (IBNR)</b>	The liability for services rendered for which claims have not been received.

**III. POLICY**

The Contractor is required to adhere to certain notification requirements and comply with specific responsibilities as outlined in Contract and this Policy in the event of Contract Expiration or Contract Termination. Upon determination of Contract Expiration/Termination, AHCCCS will provide notice to the Contractor outlining the Contractor's operational and reporting requirements for the Contract Expiration/Termination transition period as described below.

In either instance, Contract Expiration or Contract Termination, the Contractor is required to develop and submit a Plan to AHCCCS for prior approval as described in Section D of this Policy. The Plan shall clearly present the Contractor's process for ensuring compliance with all contractual responsibilities through the transition period, regardless of whether a Contract

expires or is terminated. Contractors are responsible to assist AHCCCS in the transition of members.

**A. CONTRACTOR NON-RENEWAL - GENERAL NOTIFICATIONS**

1. If the Contractor elects not to renew the Contract, the Contractor shall provide AHCCCS with at least a 180 day advance written notice prior to the Non-Renewal of the current Contract.
2. After receipt of the Contractor's notification of intent not to renew, AHCCCS will issue written notice to the Contractor specifying:
  - a. The effective date of termination,
  - b. The Contractor's operational and reporting requirements, and
  - c. Timelines for submission of deliverables.

**B. AHCCCS NON-RENEWAL - GENERAL NOTIFICATIONS**

If AHCCCS elects not to renew the Contract, AHCCCS will provide written notice prior to the Non-renewal of the current Contract.

**C. CONTRACT TERMINATIONS BY AHCCCS- GENERAL NOTIFICATIONS**

1. AHCCCS may initiate termination actions for reasons, including but not limited to:
  - a. A Contractor's notification of or refusal to sign a contract amendment,
  - b. Substantial failure to provide medically necessary services that the Contractor is required to provide under law or the terms of its contract to its enrolled members,
  - c. Failure to meet AHCCCS Financial Viability Standards,
  - d. Material deficiencies in the Contractor's provider network,
  - e. Failure to meet quality of care and quality management requirements,
  - f. Failure to comply with contract provisions or applicable state and federal laws or regulations, or
  - g. For convenience, as stipulated in Contract.
2. In the event AHCCCS initiates a Termination for Convenience action, pursuant to the Contract Terms and Conditions, AHCCCS will provide written notice of the termination at least 90 days before the effective date of the termination. The notice will include the effective date of the termination and the Contractor's operational and reporting requirements.
3. In the event AHCCCS initiates a termination action of a Contract for failure to meet the requirements of Federal Law or the Contract AHCCCS will provide the Contractor with notice of intent to terminate, the reason for termination and hearing rights [42 CFR 438.710].
  - a. In the event the Contractor does not contest the intent to terminate the Contract, AHCCCS will notify the Contractor in writing of:

- i. The effective date of termination,
    - ii. The Contractor's operational and reporting requirements, and
    - iii. Timelines for submission of deliverables.
  - b. In the event the Contractor files a request for a hearing to challenge the intent to terminate and the termination is upheld through the Administrative Hearing process, AHCCCS will notify the Contractor in writing of:
    - i. The effective date of termination,
    - ii. The Contractor's operational and reporting requirements, and
    - iii. Timelines for submission of deliverables.
4. AHCCCS will provide CMS with written notice no later than 30 days after the date of Contract termination, in accordance with 42 CFR 438.724.

#### **D. GENERAL CONTRACTOR RESPONSIBILITIES**

For Contract expirations and terminations, the Contractor shall adhere to the following:

1. Produce reports timely and perform all responsibilities through the dates specified in the AHCCCS notification,
2. Comply with all terms of the Contract including, but not limited to, the provision of all management and administrative services throughout the transition,
3. Maintain adequate staffing to perform all required functions as specified in Contract,
4. Designate an individual as Contract Transition Coordinator who shall ensure the continuance of Contractor performance, operations, and member transitions through a time determined by AHCCCS, and provide this individual's contact information with submission of the Contract Expiration or Termination Plan,
5. Participate in any meetings, workgroups, trainings or other activities scheduled by AHCCCS related to the transition of members, to support a seamless transition,
6. Be responsible for payment of all outstanding obligations for medical care rendered to members,
7. Be responsible for the provision of a monthly claims aging report including Incurred But Not Reported (IBNR) amounts (as outlined in the AHCCCS Notification),
8. Be responsible for the provision of Quarterly and Audited Financial Statements up to the date specified by AHCCCS,
9. Be responsible for the provision of encounter reporting until all services rendered prior to Contract expiration or termination have reached adjudicated status and data validation of the information has been completed,

10. Cooperate with reinsurance audit activities on prior Contract years,
11. Cooperate with AHCCCS to complete and finalize any open and pending reconciliations,
12. Be responsible for the submission of Quality Management and Medical Management reports as required by contract, as appropriate, to provide information on services rendered up to the date of contract expiration or termination including Quality Of Care (QOC) concern reporting and investigations based on the date of service,
13. Be responsible for participation in and closing out Performance Measures and Performance Improvement Projects as required,
14. Provide a monthly accounting and disposition of Member Grievances and Provider Claim Disputes as outlined in the AHCCCS Notification,
15. Be responsible for the retention, preservation, and availability of all records, including, but not limited to those records related to member grievance and appeal records, litigation, base data, Medical Loss Ratio (MLR) reports, claims settlement and those covered under HIPAA, as required by Contract, State and Federal law, including but not limited to, 45 CFR 164.530(j)(2) and 42 CFR 438.3(u),
16. Be responsible for the completion of existing third-party liability cases or making any necessary arrangements to transfer the cases to AHCCCS' authorized Third Party Liability (TPL) Contractor,
17. Be responsible for the following activities pertaining to member services and transitions:
  - a. Continue to serve enrolled members and provide all medically necessary covered services until the transition of all members is complete as specified by AHCCCS,
  - b. Conduct all member transition activities in accordance with AHCCCS requirements,
  - c. Cooperate with Contractor(s) which are receiving members, to support seamless transition of all member services,
  - d. Transfer member data to Contractors(s) which are receiving members using a file format and dates for transfer of member data specified by AHCCCS, and
  - e. The cost, if any, of reproducing and forwarding medical records.
18. Return to AHCCCS any funds advanced to the Contractor for coverage of members for periods subsequent to the date of termination within 30 days of the Contract termination, and
19. Make available all data, information and reports collected or prepared by the Contractor in the course of performing its duties and obligations under the Contract to

AHCCCS within 30 days following expiration or termination of the Contract or such other period as specified by AHCCCS.

For Contract terminations, the Contractor shall, in addition to the above requirements:

- a. Be liable for costs incurred by AHCCCS in re-procuring materials or services under the Contract.
- b. Be liable for costs associated with the transition of its members to a different Contractor.

#### **E. CONTRACT EXPIRATION OR TERMINATION PLAN**

1. The Contractor shall submit a Contract Expiration or Termination Plan to AHCCCS, Division of Healthcare Management (DHCM) for approval. The Plan shall be submitted to the designated Operations and Compliance Officer, within 30 days of AHCCCS' expiration/termination notice to the Contractor.
2. The Contract Expiration or Termination Plan shall include, but is not limited to, the following:
  - a. A description of the Contractor's process for ensuring compliance with all responsibilities delineated in the Contract including retention of sufficient staff to conduct business operations through the time period specified by AHCCCS,
  - b. The designation of a Contract Transition Coordinator,
  - c. Timeline for submission of all required deliverables for the term specified by AHCCCS,
  - d. Communications to all subcontractors and members related to the Contract expiration/termination, including a timeline for notification,
  - e. The method for transferring member data and disposition of any related medical records, and
  - f. A Member Transition Plan to support a seamless transition of members including but not limited to members with:
    - i. Significant medical or behavioral health conditions such as, a high-risk pregnancy or pregnancy within the last trimester, Serious Mental Illness (SMI), the need for organ or tissue transplantation, chronic illness resulting in hospitalization or nursing facility placement, etc.,
    - ii. Ongoing services such as daily in home care, behavioral health services, dialysis, pharmacy, medical supplies, transportation, home health, chemotherapy and/or radiation therapy, or who are hospitalized at the time of transition,
    - iii. Conditions requiring ongoing monitoring or screening such as elevated blood lead levels and members who were in the Neonatal Intensive Care Unit (NICU) after birth,
    - iv. Prior authorized services including but not limited to scheduled surgeries, post-surgical follow-up visits, out-of-area specialty services, nursing home admission or Home and Community Based (HCBS) Placements,

- v. Continuing prescriptions, Durable Medical Equipment (DME) and medically necessary transportation orders,
- vi. Significant conditions or treatments such as pain control, hypertension, enteral feedings, oxygen, wound care, ventilator services, and
- vii. High needs/high costs.
- g. In addition, the Member Transition Plan shall also support a seamless transition for those members who present ongoing concerns to State and Federal entities and/or the media.

**F. RELEASE OF CONTRACTOR REQUIREMENTS AFTER CONTRACT EXPIRATION OR TERMINATION**

The Contractor shall remain responsible for all activities associated with the Contract expiration or termination until official written release from AHCCCS has been granted.

1. The Contractor shall submit to AHCCCS, DHCM a written request for release.
2. AHCCCS will provide an official written release upon satisfaction of activities associated with the Contract expiration or termination including, but not limited to, the following:
  - a. Audited Financial Statements inclusive of a balance sheet,
  - b. Payment of all outstanding medical obligations for medical care rendered to members,
  - c. Encounter reporting until all services rendered prior to Contract expiration or termination have reached adjudicated status and data validation of the information has been completed,
  - d. Reinsurance audit activities on prior contract years,
  - e. Finalization of any open or pending reconciliations, and
  - f. Performance Bond or Bond Substitute.